

By Bob Kinzel

(Host) Congressman Peter Welch is calling for an end to all federal subsidies for the ethanol industry.

Welch says a federal mandate that requires gasoline to contain 10 percent ethanol is driving up grain costs to farmers and is undermining the recreational boat industry.

VPR's Bob Kinzel reports:

(Kinzel) Barbara Woodard is a co-owner of Woodard Marine, a boat dealership on Lake Bomoseen. She says the 10 percent ethanol mandate for gasoline is destroying the engines of a number of boats that were built prior to 2000.

She says this is happening, because unlike cars which are driven every day, boats are generally used less often:

(Woodard) "So they just kind of sit here at the dock space maybe for a week or two and you get weather like this with high humidity and if you have the ethanol gas that attracts that humidity out of the air and you have condensation in your tanks. And then you have water in your tank and even if you shake it up and everything the boat will sputter and it will cause problems."

(Kinzel) And Woodard says the 10 percent ethanol gasoline also causes other types of problems for these boats:

(Woodard) "A lot of those have the old rubber parts in those and the ethanol just eats right through everything. And it eats through some of the old gas tanks. It causes rust in the metal ones and the old poly ones that they used there for a while it just kind of eats away at those."

(Kinzel) Woodard says non ethanol gasoline is available at some marinas but she's concerned that it will be banned after next year.

Congressman Welch says the United States spends \$6 billion a year in subsidies for the ethanol industry. He wants to eliminate them. He says the goal of the subsidies was to help reduce this country's dependence on foreign oil but he thinks this policy has turned out to be a big mistake:

(Welch) "That was the goal but it's been a failure. And it's time to acknowledge that it's been a failure and in fact worse than a failure it's doing a lot of damage. So it's time really to ask the question, should we get rid of these government subsidies, protective tariffs and mandates and let the market do its work?"

(Kinzel) Welch says he's also concerned that the push for ethanol has created shortages in the grain market for many farmers:

(Welch) "Because what you're doing is subsidizing the production of grain and then you're having this mandate that requires people to use it so more of our grain is basically going into fuel and less is available and what is available is at higher price for our farmers for their grain supply."

(Kinzel) The percentage of ethanol in gasoline is scheduled to go from its current level of 10 percent to 15 percent in several years.

A Welch amendment to the House Budget Bill blocks this increase from going into place. This provision is now being reviewed in the Senate.

For VPR News, I'm Bob Kinzel in Montpelier.